

YONDOSHI HOLDINGS INC.

First Section, Tokyo Stock Exchange (8008)

The Sixth Medium-Term Management Plan

(The period from the fiscal year ending February 28, 2022 to
the fiscal year ending February 28, 2024)

April 12, 2021

 holdings group

Note: Amounts identified in this report are presented in millions of yen rounded down. Percentage figures are calculated from raw data.

Disclaimer: Operating forecasts and forward-looking statements that are not of historic fact are based on information available to management as of the date of this report. Subject to a variety of risks and uncertainties, these forecasts and forward-looking statements may differ substantially from actual results due to a diversity of factors including changes in the Company's operating environment, market trends and fluctuations in foreign currency exchange rates. As a result, readers are advised not to rely solely on the information provided as the basis for investment decisions.

Summary of the Fifth Medium-Term Management Plan



Initiatives and changes in the operating environment during the period of the Fifth Medium-Term Management Plan

<p>Jewelry Business Rebranding initiatives</p>	<ul style="list-style-type: none"> ✓ While the challenge of rebranding Canal 4°C helped cultivate new customers, the gap created with existing major customers led to a review and course correction ✓ Improved the value of the 4°C brand and worked toward a policy of implementing initiatives over an extended period of time while taking proper care of existing customer
<p>Apparel Business growth</p>	<ul style="list-style-type: none"> ✓ Worked to expand the opening of PALETTE stores focusing on the Kansai region; net increase of 15 stores over a three-year period; steady progress in the strategy to entrench the Group’s dominant position in the area
<p>Strengthening the management and business platforms through business restructuring</p>	<ul style="list-style-type: none"> ✓ Jewelry Business: Withdrew from the China market; disposed of unprofitable brands and items (4°C Bag, Luria 4°C, MAISON JEWELL) ✓ Apparel Business: Withdrew from the Vietnam factory; worked to upgrade and expand overseas production bases by cultivating partner companies and strengthening collaboration
<p>Securing a balanced portfolio that is resilient to changes in operating conditions</p>	<ul style="list-style-type: none"> ✓ Sold shares in FUJI CO., LTD.; work toward equity-method affiliate exclusion from the scope of consolidation ✓ Improve portfolio stability through Apparel Business growth

Sixth Medium-Term Management Plan

Period of the plan: From the fiscal year ending February 28, 2022 to the fiscal year ending February 28, 2024

Against the backdrop of a rapidly changing operating environment, the Company will maximize the strengths of the Group to provide products and services that exceed customer expectations while targeting continued growth.

Understanding of the Sixth Medium-Term Management Plan Operating Environment

Understanding of the operating environment during the period of the Sixth Medium-Term Management Plan

- ❑ December 23 to fall on a weekday due to the change in Japan's imperial era; reduction in Christmas demand
- ❑ Incidence of rapid and irreversible changes in lifestyles and consumption trends due to COVID-19
- ❑ Expectation that several years will be required for the effects of COVID-19 to dissipate; understanding that competitive advantage will depend on the existence or otherwise of a growth strategy that takes into account post-COVID-19 society

Jewelry Business	<ul style="list-style-type: none"> ➤ Rather than pursue short-term growth, undertake investments aimed at improving brand value taking into account the harsh external environment during the period of the Sixth Medium-Term Management Plan ➤ Improve the feasibility of growth strategies from the Seventh Medium-Term Management Plan by strengthening brand prowess and establishing an engagement process with customers in the digital society age
Apparel Business	<ul style="list-style-type: none"> ➤ Increase in PALETTE growth opportunities on the back of the shift to small trading zones attributable to the new normal and community-based store demand growth ➤ Work toward further growth through a proactive store opening strategy

(1) Establish a second business pillar and build a robust business portfolio through PALETTE growth

Jewelry Business	<ul style="list-style-type: none">➤ Undertake investments aimed at improving the value of the 4°C brand➤ Work to maintain and improve profitability as a high-profit company; also serve as a driver of future growth
Apparel Business	<ul style="list-style-type: none">➤ Target the opening of 10 new PALETTE stores annually; serve as a driver of topline growth

(2) Strong financial base

Effective use of cash flow	<ul style="list-style-type: none">➤ Strengthen the stability of the financial base
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1 Jewelry Business

- (1) Enhance the value of the 4°C jewelry brand**
- (2) Expand the opening of Canal4°C stores**
- (3) Improve LTV* by strengthening engagement with customers**
- (4) Increase the sophistication of the digital strategy and expand e-commerce sales**
- (5) Maintain and strengthen a highly profitable structure**

***LTV:Life Time Value**

2 Apparel Business

- (1) Further entrench the Group's dominant position in the Kansai area by opening PALETTE stores; strengthen the organizational structure and management capabilities (* Net sales in Japan: Over ¥15 billion)**
- (2) Rebuild and strengthen overseas production bases; create new markets**

1 Strengthen the Group business management function

- (1) Strengthen Group staff functions**
- (2) Strengthen the risk management structure and system**
- (3) Promote DX**

2 Promote the development of the Group's human resources

- (1) Continue efforts through the Group's corporate university, an education program aimed at passing on values**
- (2) Develop next-generation leaders and DX human resources**

3 Promote workstyle reforms toward a new normal

- (1) Put in place a work and labor environment that properly addresses the new normal**
- (2) Increase productivity through digitalization**

Sixth Medium-Term Management Plan ~ Numerical Vision



Consolidated Business Results

(Millions of yen)

	Fiscal 2020 Results Final fiscal year of the fifth Medium-Term Management Plan	Fiscal 2023 Plan Final fiscal year of the sixth Medium-Term Management Plan	Change (%)
Net sales	39,449	45,000	+14.1
Operating income	2,767	3,754	+35.7

*Key management indicator: Operating income before the amortization of goodwill = operating income + goodwill amortization

Operating income before the amortization of goodwill	3,263	4,250	+30.2
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Business Results by Segment

(Millions of yen)

		Fiscal 2020 Results Final fiscal year of the fifth Medium-Term Management Plan	Fiscal 2023 Plan Final fiscal year of the sixth Medium-Term Management Plan	Change (%)
Jewelry Business	Net sales	20,641	22,000	+6.6
	Operating income	2,139	2,800	+30.9
Apparel Business	Net sales	18,807	23,000	+22.3
	Operating income	896	1,200	+33.9

Overview of the Sixth Medium-Term Management Plan (1)

Undertake investments aimed at improving the value of the 4°C brand

- ❑ Plan to invest in advertising that combines digital and SNS collaboration, centered on the development of magazines with a total of more than 100 pages in fiscal 2021.
- ❑ Lift the brand image by continuously undertaking investments; work to expand customer support

Pure advertisement / tie-up advertisement,
paper & digital distribution

In 2021, published in the target magazine



Total 100 pages
or more

Period of the Sixth Medium-Term Management Plan

Consolidated net sales target in the final fiscal year: **¥45 billion**

Jewelry Business	Work to improve brand value, increase customer LTV, and grow e-commerce to maintain and strengthen a highly profitable structure
Apparel Business	Continue to open 10 new PALETTE stores annually; expand net sales by continuing to promote a strategy to entrench the Group's dominant position in the Kansai area



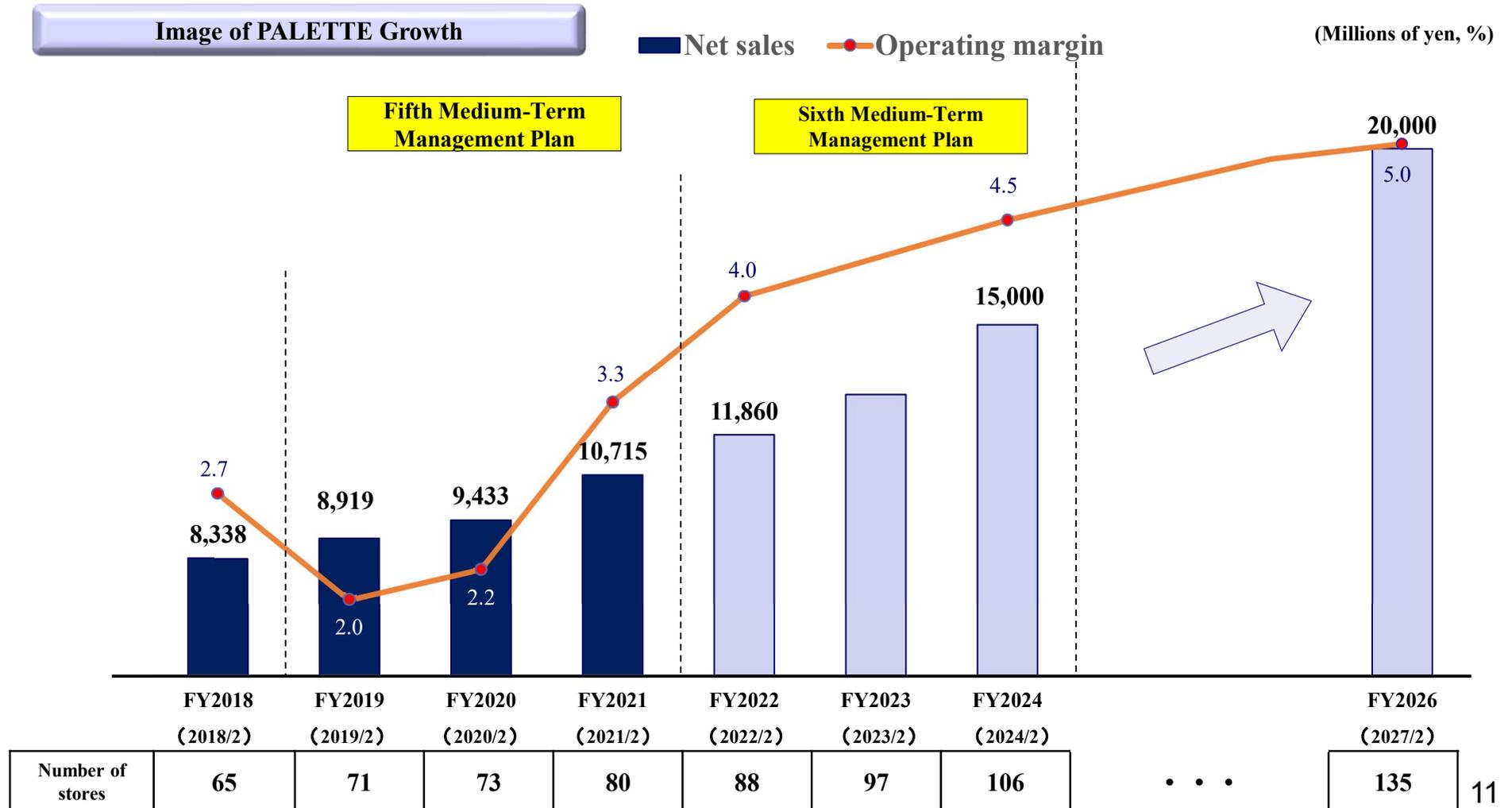
Focus on improving brand value and strengthening profitability in the Jewelry Business

Expand the topline through Apparel Business growth

PALETTE Growth Strategy

- ❑ Promote efforts to further entrench PALETTE's dominant position in the Kansai area; work toward a store opening expansion phase
- ❑ Progress in the shift to small trading zones attributable to the new normal; positive impact also from community-based store demand growth
- ❑ Work to increase profit margins by strengthening store operating capabilities and scale expansion; target an operating income margin of 5%

Image of PALETTE Growth



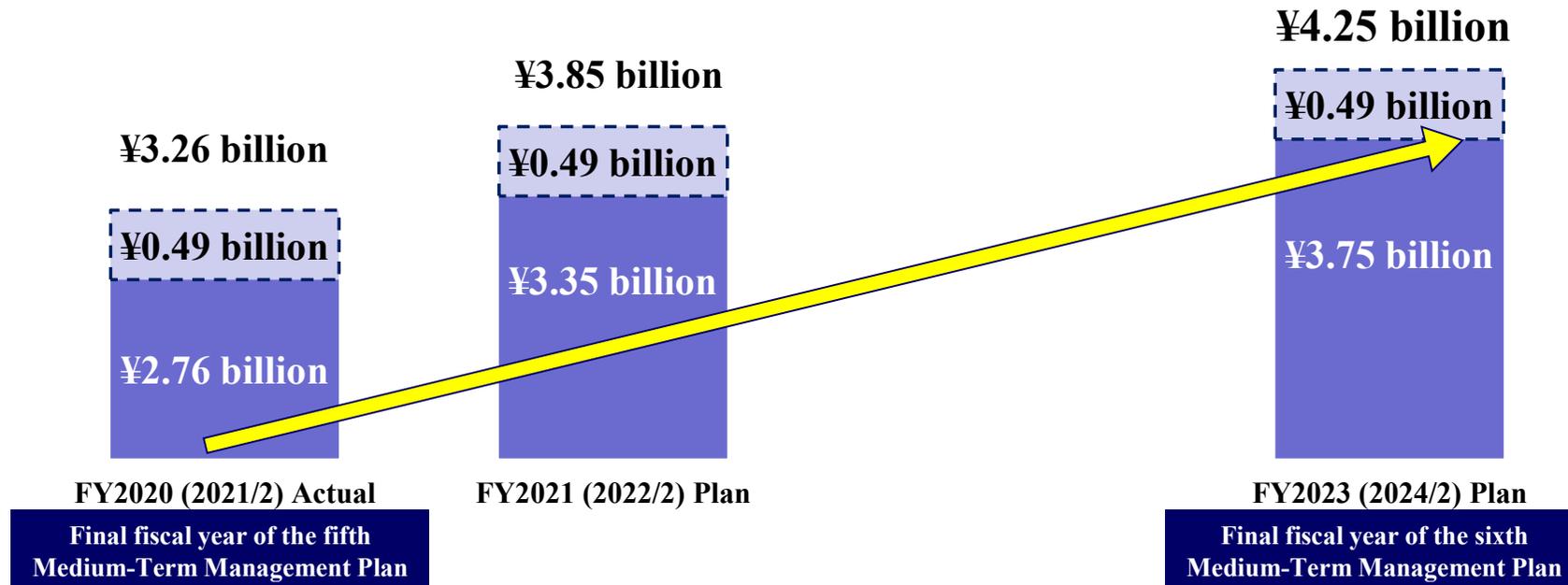
Overview of the Sixth Medium-Term Management Plan (3)

Group Consolidated Numerical Visions (FY2023)

Operating income before the
amortization of goodwill **¥4.25 billion or more**
ROE **8.0%^{*} or more**
EPS **150 yen^{*} or more**

* Calculated using net income before the amortization of goodwill
 (Net income before the amortization of goodwill = profit attributable to owners of parent + goodwill amortization)

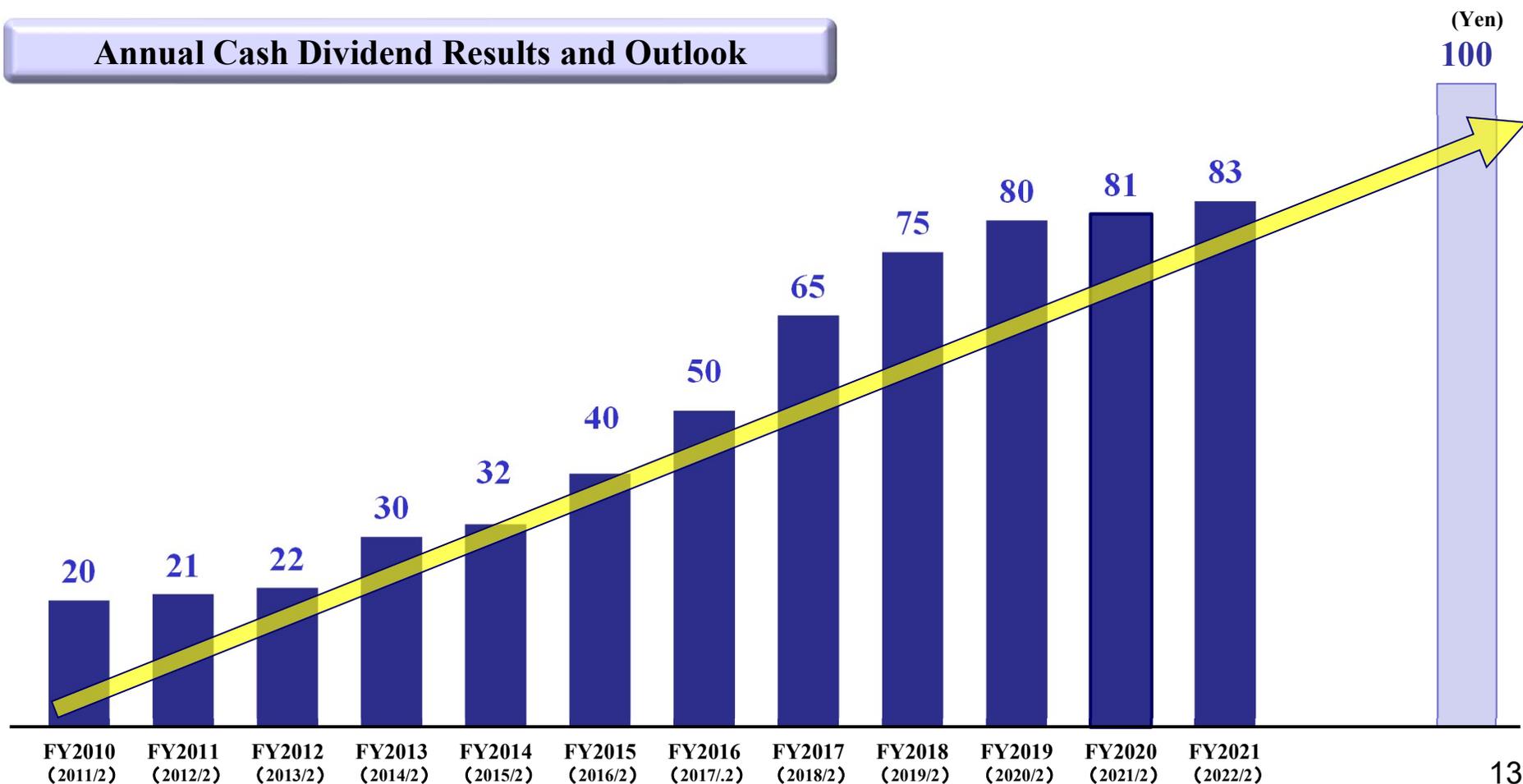
Progressive Image of Numerical Vision Achievement~Operating Income Outlook



Shareholder Returns Policy, Cash Dividends

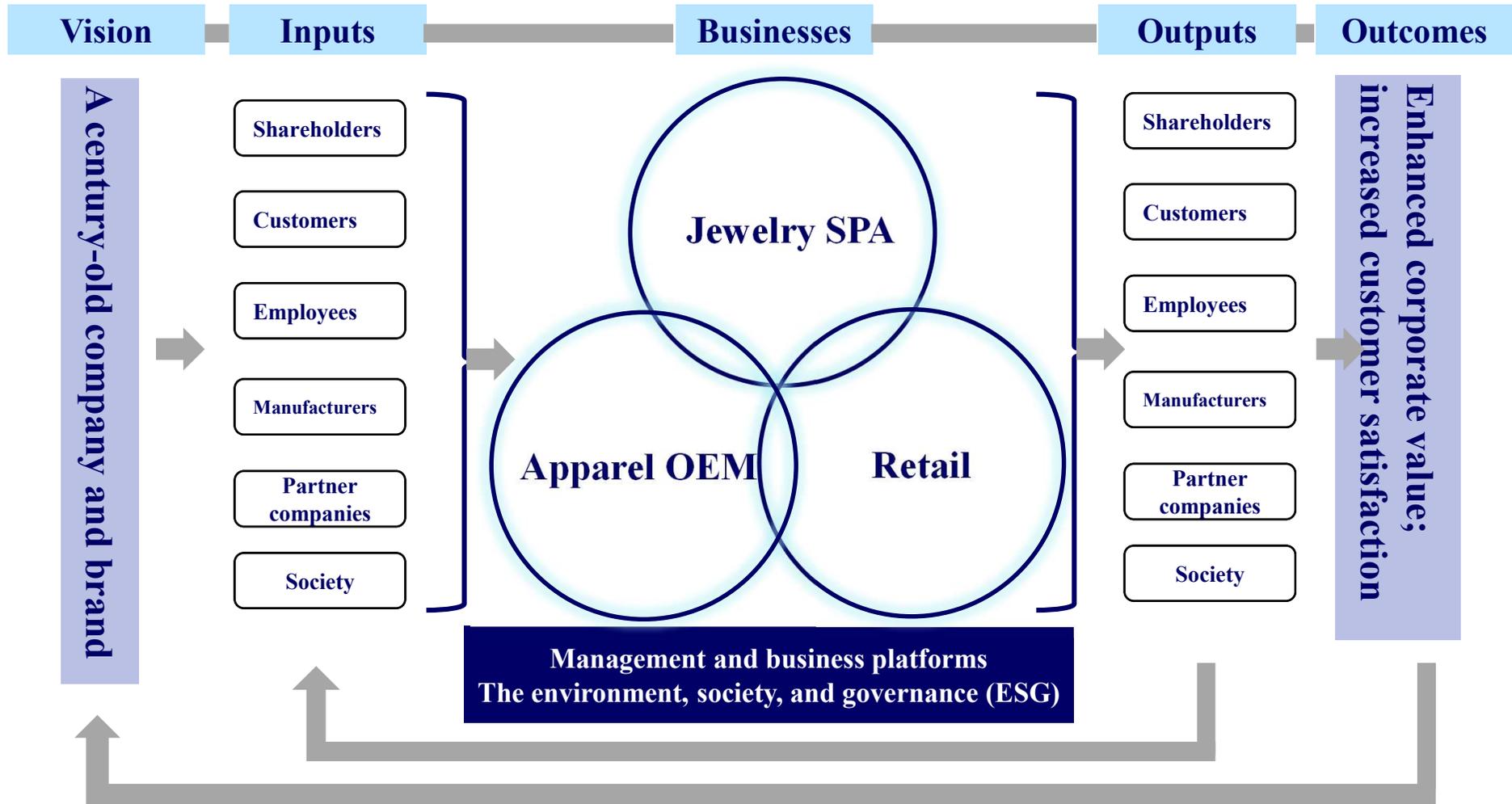
- Positioned efforts to increase the level of profit return through the payment of stable and continuous cash dividends and the flexible repurchase of own shares at the heart of the Company's shareholder returns policy
- Continue to emphasize consecutive increases in cash dividends with the aim of paying a cash dividend of ¥100 per share in the future

Annual Cash Dividend Results and Outlook



Toward Stable and Continuous Growth ~Creating Sustainable Value

Work toward enhancing value in the three jewelry SPA, apparel ODM, and retail businesses



Management strategies and social issues

Declining labor population And slowing economic growth

Increasing awareness toward the environmental impact of the fashion industry

Incidence of funds flowing to terrorist and criminal organizations through money laundering

Social Issues	Main Initiatives
1. Encouraging the advancement of women	<ul style="list-style-type: none"> ➤ Promote the appointment of women as directors and managers, and support their development ➤ Establish a childcare work system that exceeds the legal requirements, and create a comfortable working environment
2. Eliminating illegal labor, including child labor	<ul style="list-style-type: none"> ➤ Incorporate clauses that prohibit illegal labor in contracts with suppliers ➤ Confirm statutory and regulatory compliance by regularly conducting RJC audits
3. Promoting the use, proposal, and sale of sustainable products and materials	<ul style="list-style-type: none"> ➤ Switch to FSC-certified paper for accessories ➤ Propose sustainable materials and products in ODM business
4. Helping to solve water problems	<ul style="list-style-type: none"> ➤ Install water storage tanks in collaboration with the Japan Water Forum to solve water problems and free women and children from water fetching labor
5. Preventing money laundering	<ul style="list-style-type: none"> ➤ Procure diamonds in accordance with the Kimberley Process ➤ Improve transparency in the procurement of precious metals in collaboration with suppliers

Activities Aimed at Addressing ESG Issues

- ◆ As an RJC certified company, F.D.C. Products is working diligently to help improve the reliability and standard of the jewelry market in each field

※What is the RJC...

The Responsible Jewellery Council is an international not-for-profit, standards and certification organization. Covering social and environmental responsibility focusing on the jewelry industry, the Council strives to realize responsible business practices for diamonds, gold and platinum across the entire jewelry supply chain and processes from mine to retail.

- ◆ Continuously support efforts to solve water-related issues as trustees of the Japan Water Forum



We kindly request that you direct all inquiries regarding this document and investor relations in general to the following point of contact:

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